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Memorandum of Conversation

October 23, 1950

SUBJECT: Formosa

PARTICIPANTS: The Secretary
John Foster Dulles
Lucius D. Battle
John M. Allison

REVIEWED BY *L. Aylward* DATE *10/24/50*

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Mr. Dulles and Mr. Allison called on the Secretary at the Waldorf this afternoon to discuss the Formosan item which may come before Committee I sometime within the next two weeks. Mr. Dulles stated that he had been considering the matter over the weekend and welcomed the chance to give the Secretary his thoughts.

Mr. Allison said that as an introduction to Mr. Dulles' statement, he would like to point out that while there appeared to be general agreement in the Department with the form of the Resolution on the Formosan problem which had been prepared by the UK Delegation, nevertheless as a result of talks with members of the UK and Canadian Delegations it was clear that there was not agreement as to the final ends which it was hoped would be achieved by the passage of the UK Resolution. The Canadians and, to a lesser extent, the UK delegation seemed to assume that there was only one possible answer which the Commission, contemplated in the UK Resolution, could come up with, namely, the handing over of Formosa unconditionally to Communist China. This was not the desire or belief of the US delegation and it therefore was important that agreement be reached on the ends desired so that an unfavorable result would not be obtained by default.

Mr. Dulles then outlined his views on the position the US should take which were substantially as follows:

The US interest in the Formosan problem is a deep and legitimate one and the US feels it has a special responsibility in view of the close connection between the ultimate disposition of Formosa and the conclusion of a Japanese peace treaty which will formally remove Formosa from Japanese sovereignty. The US being the chief occupying

SECRET

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power in Japan and the one most deeply concerned in a Japanese peace settlement naturally has great responsibility to see that any solution of the Formosan issue is a sound one which contributes to peace and stability in the Pacific area and the welfare of the people. The US has no desire to cast doubt upon the validity of the Cairo and Potsdam Agreements with respect to Formosa and does not maintain that Formosa should not in due course be formally returned to China. However, the present Chinese Government on the mainland of China is not the one which was in power at the time of Cairo and Potsdam and it certainly is not clear that the people of Formosa desire to be placed in subjection to that government.

It would seem that before a definitive decision is implemented in pursuance of a Japanese Peace treaty, at least the following four points ought to be explored by the United Nations:

1. While it could fairly be assumed at the time of Cairo and Potsdam that the Formosan people would welcome a return to China, intervening changes have been so great that that assumption might not be valid today. In view of United Nations Charter undertakings which override any inconsistent engagements, it would seem that the United Nations should seek to find out whether, in fact, the wishes of the people of Formosa remain as had been assumed at the time of Cairo and Potsdam and whether or not they desire to become subject to the regime that presently controls the Chinese mainland.

2. If Formosa is to become politically a part of China, should not the arrangement include some provision for autonomy which would reflect the oft-expressed desire of the Formosan people for a measure at least of self-government?

The United Nations is considering this problem in connection with the giving to Ethiopia of political sovereignty over Eritrea and is contemplating a measure of autonomy under a Federal structure. Some such formula might also be explored in the case of Formosa as being consistent with the Charter conception with reference to non-self-governing peoples.

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SECRET

3. Another item of importance which should be considered by the UN in reaching a just solution of the Formosan matter is the fact that for the last fifty years or so Formosa has been a part of Japan and its economy has been integrated with that of Japan. There is still a close commercial connection between Japan and Formosa and consideration should be given to the advisability of maintaining, at least for a considerable period, free trade between Japan and Formosa which would undoubtedly be in the interest of both parties.

4. In view of the strategic position of Formosa and in view of the fact that any attempt by force to settle its ultimate disposition might well prejudice the maintenance of peace and stability in the Pacific area, it is believed that the UN might well give careful consideration to the possibility of permanently neutralizing Formosa in some manner which, while not prejudicing any particular political solution, would nevertheless ensure that Formosa would not be the cause of aggravating great power tensions or even be a precipitating cause of war. It might also be that, pending definitive action, the UN, under its Uniting for Peace Resolution, might promptly send a peace observation commission to Formosa to help preserve the status quo as against breach of the peace.

Secretary Acheson expressed his agreement with the approach Mr. Dulles had in mind and authorized Mr. Dulles to proceed along the lines indicated. It was pointed out that there was one possibility which had not been considered and that if the approach suggested by Mr. Dulles were adopted it would not be possible to consider this other approach which was, in brief, that new leadership might emerge among the non-communist liberal Chinese elements on Formosa, that Chiang Kai-shek might be displaced and that with this new leadership and a certain amount of American assistance it might be possible to make landings on the mainland and in cooperation with disaffected elements there succeed in overthrowing the Communist regime. Both Secretary Acheson and Mr. Dulles agreed that it would be inconsistent with US policy in the UN for this Government to plan to use Formosa as a base for military expeditions aiming at regaining control of the Chinese mainland and it was agreed that this alternative should not be considered at this time. However, if the Chinese Communist regime should take overt action in an endeavor to seize Formosa by force while UN consideration of the matter was

SECRET

SECRET

going on it would be necessary to review the situation. It was assumed that in the meantime Formosa might be used as a base for propaganda activity and perhaps certain covert contact with resisting elements on the mainland.

With respect to the position of the Seventh Fleet, Secretary Acheson pointed out that its value was primarily psychological in as much as it had not in fact spent much of its time in the Formosa Straits but rather had been in Korean waters. It was agreed that a formal announcement of a withdrawal of the Seventh Fleet would be unfortunate and would appear to be an invitation to the Communists to take over and it was felt that for the present, until the Korean situation had been brought to a final successful close, it would probably be necessary for the orders of the Seventh Fleet to remain unchanged. At a suitable time it might well be possible for the Seventh Fleet without any public announcement to withdraw to its original base at Cavite without creating unfortunate repercussions. It was also agreed that it would be useful to consult the military on this matter and have the benefit of their latest thinking.

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October 24, 1950

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MR. ~~BATTLE~~:

MR. ALLISON asked me to send this to you by pouch tonight. It has not been distributed here and we assume you will take care of distribution in the Department. One copy is being sent under separate cover by this same pouch direct to Mr. Merchant in FE.

Doris Doyle

3/2
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S/S - For distribution
JDS

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